A

Comparative Analysis

of

Provincial Farm Energy Rates

The following analysis is intended to be used in a comparative manner to analyze provincial farm energy costs. The assumptions used in this analysis are based on actual on-farm statistical information which has been collected with the cooperation of Prince Edward Island farmers.

I would like to thank Tina Gladman of the Enersave section of the Prince Edward Island Department of Tourism, Industry & Energy for her cooperation in obtaining base data from individual provinces.

The abbrevation K.W.H., K.V.A and K.W. which are frequently used in this report refer to Kilowatt Hours, Kilovolt Amphere and Kilowatt respectively.

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Methodology

A. Base Electrical Rates

Comparisons have been made of provincial electricity costs for farm usage of 1,000 kilowatt hours (K.W.H.), 2,000 K.W.H. and 3,000 K.W.H. per month. This usage is exclusive of that which is used in farm dwellings.

The electrical utilities were contacted in all ten provinces and were asked for their current electrical costs (effective September 1982). In the case where one or more utilities were in operation in a particular province, the rate applicable to the majority of farm customers in that province was used. Most of the provinces contacted did have a specific rural farm and/or rural rate in effect.

Cost of production studies which have been carried out on Prince Edward Island farms indicate that the majority of farm customers use between 2,000 - 3,000 K.W.H. of electricity in an average month. The smaller usage of 1,000 K.W.H. per month would be representative of many smaller part-time or mixed farms in the Province.

No attempt has been made to access farms that are on demand meters due to the difficulty in obtaining accurate data from these farms. This analysis is based on farm hook-ups that are assumed to be non-demand meters since this is more representative of our provincial situation.

B. Comparison of Specific Commodities

A comparative analysis has also been carried out to compare provincial electrical requirements to produce pork and milk. The dairy and hog sectors are representative of commodities that require a significant input of electrical power. These comparisons are based on electrical costs for producing milk and pork as documented in:

1980 P.E.I. Dairy Farm Business Analysis,
1981 P.E.I. Dairy Farm Business Analysis,
1981 P.E.I. Hog Farm Business Analysis.

..../2

These studies are carried out with the cooperation of Prince Edward Island farmers and are representative of commercial (full-time) operations. In these studies costs are broken down on a cost per unit of production basis for each input cost. In the case of milk and pork, production costs are broken into the cost per 100 litres of milk and the cost per 100 lbs. of pork marketed respectively.

The principles that have been followed in analyzing electrical usage in hog and dairy enterprises can also be applied to other livestock and poultry operations that are high electrical power users.

Results: Base Power Rates

A. Individual Provincial Results

The following are the individual provincial results for the ten provinces starting with British Columbia and working eastward to Newfoundland. Each provincial tabulation contains the service charge per month and the cost per K.W.H. of usage. The data also contains the breakdown of provincial costs for 1,000 K.W.H., 2,000 K.W.H. and 3,000 K.W.H. per month as well as any special conditions which may exist (i.e. subsidies, rebates).

British Columbia

Rate

Service Charge	$2.50 per month
First 500 KWH	4.589¢ per KWH
Remainder	3.089¢ per KWH

Charge

A. 1000 KWH per Month

Service Charge	$2.50
500 KWH	22.95
500 KWH	15.44
Total	$40.89

B. 2000 KWH per Month

Service Charge	2.50
500 KWH	22.95
1500 KWH	46.32
Total	$71.77

C. 3000 KWH per Month

Service Charge	2.50
500 KWH	22.95
2500 KWH	77.20
Total	$102.65

Source: B.C. Hydro
970 Berrand Street
Vancouver, B.C.
V6Z 1Y3

Notes: Residential Rate applies to farm customers.
No discounts are applicable.

.../4

Alberta

Direct Retail Farm Customers

Service charge - first K.V.A. - $16 per month
- rest at $2.50 per K.V.A. per month

Energy charge - all KWH at 4¢ per KWH

Alberta income tax rebate of 9% applicable to both service charge and energy charge.

Assume: 10 K.V.A. per farm

* Rates in effect since October 1981

Charge

A. 1000 KWH per month

Service charge	$28.50
Energy charge	+ 40.00
Less 9% rebate	- 6.17
Total	$62.33

B. 2000 KWH per month

Service charge	28.50
Energy charge	+80.00
Less 9% rebate	- 9.77
Total	$98.73

C. 3000 KWH per month

Service charge	$28.50
Energy charge	+120.00
Less 9% rebate	13.37
Total	$135.13

Source: Trans Alberta Utilities Corporation
P.O. Box 1900
Calgary, Alberta
T2P 2M1

Alberta Power Ltd.
10040 - 104th Street
Edmonton, Alberta
T5J 2V6

Note: Alberta is served by several utilities who offer rates to their customers based on hydro usage and installation costs of the line hook-up. In this case Trans-Alta Utilities Corp. rates are used since they handle more farm clients.

..../5

Saskatchewan

The following farm rates apply to agricultural customers:

Small Farm Rate

Under 25 K.W. demand
Basic Charge — $8.05 per month
Energy charge — all KWH at 3.18¢/KWH

Plus 5% E & H Tax (Education and Health) added to net total.

* Rates effective since August 1981

Charge

A. 1000 KWH per Month

Basic Charge	$8.05
Energy Charge	31.80
5% Tax	1.99
Total	$41.84

B. 2000 KWH per Month

Basic Charge	8.05
Energy Charge	63.60
5% Tax	3.58
Total	$75.23

C. 3000 KWH per Month

Basic Charge	8.05
Energy Charge	95.40
5% Tax	5.17
Total	$108.62

Source: Saskatchewan Power Corporation
2025 Victoria Avenue
Regina, Saskatchewan
S4P 0S1

Note: This is a specific rate for agricultural customers.

Manitoba

Farm Service Rate (over 200 amps)

Service Charge	$15.00 per Month
First 1200 KWH	4.9¢ per KWH
Remaining	2.72¢ per KWH

* Rates in effect since February 1979

Charge

A. 1000 KWH per Month

Service Charge	$15.00
First 1000 KWH	49.00
Total	$64.00

B. 2000 KWH per Month

Service Charge	$15.00
1200 KWH	49.00
800 KWH	21.76
Total	$85.76

C. 3000 KWH per Month

Service Charge	$15.00
1200 KWH	49.00
1800 KWH	48.96
Total	$112.96

Source: Manitoba Hydro
P.O. Box 815
Winnipeg, Manitoba
R3C 2P4

Note: This is a specific rate for agricultural customers.

..../7

Ontario

Rate

Service Charge	None
0 - 250 KWH	9.44¢ per KWH
250 - 9750 KWH	2.13¢ per KWH

* These rates include a 2.16¢ per KWH discount that is applied to designated agricultural customers.

Charge:

A. 1000 KWH per Month

0 - 250 KWH	$23.60
750 KWH	15.98
Total	$39.58

B. 2000 KWH per Month

250 KWH	$23.60
1750 KWH	37.28
Total	$60.88

C. 3000 KWH per Month

250 KWH	23.60
2750 KWH	58.58
Total	$82.18

Source: Ontario Hydro
700 University Avenue
Toronto, Ontario
M56 1Y6

..../8

Quebec

Domestic Rate

Fixed Charge	23¢ per day
First 30 KWH per day	2.7¢ per KWH
Remaining KWH	3.37¢ per KWH

Assume - 30.42 days per month
- equal usage over the year

Rate effective since January 1982

Charge

A. 1000 KWH per month

Service Charge	$ 7.00
First 30 KWH per day	24.64
Remaining KWH	2.95
Total	$34.57

B. 2000 KWH per month

Service Charge	$ 7.00
First 30 KWH per day	24.64
Remaining KWH	36.65
Total	68.29

C. 3000 KWH per Month

Service Charge	7.00
First 30 KWH per day	24.64
Remaining KWH	70.35
Total	$101.99

Source: Quebec Hydro
75 Dorchester Blvd. West
Rate & Electometry, 13th Floor
Montreal, Quebec
H2Z 1A4

..../9

New Brunswick

Rate

Service Charge	$8.90 per Month
0 - 700 per KWH	4.90¢ per KWH
700 + KWH	3.53¢ per KWH

Charge:

A. 1000 KWH per Month

Service Charge	$ 8.90
700 KWH	34.30
300 KWH	10.59
Total	$53.79

B. 2000 KWH per Month

Service Charge	8.90
700 KWH	34.30
1300 KWH	10.59
Total	$89.09

C. 3000 KWH per Month

Service Charge	8.90
700 KWH	34.30
2300 KWH	81.19
Total	$124.39

Source: New Brunswick Power Corporation
Fredericton, N.B.

Note: This is the rural residential rate

..../10

Prince Edward Island

Rate

Service Charge	$7.77 per Month
0 - 200 KWH	11.620¢ per KWH
200 + KWH	9.925¢ per KWH

* Rate effective September 1982

Charge:

A. 1000 KWH per Month

Service Charge	$ 7.77
200 KWH	23.24
800 KWH	79.40
Total	$110.41

B. 2000 KWH per Month

Service Charge	7.77
200 KWH	23.24
1800 KWH	178.65
Total	$209.66

C. 3000 KWH per Month

Service Charge	7.77
200 KWH	23.24
2800 KWH	277.90
Total	$308.91

Source: Maritime Electric Company Ltd.
Confederation Plaza
Charlottetown, P.E.I.

Note: This is the rural residential rate

..../11

Nova Scotia

Small General Service Rate (any service less than 12,000 KWH per year)

Basic Charge	$5.84 per month
First 200 KWH	6.16¢ per KWH
Next 500 KWH	5.52¢ per KWH
Remaining	5.22¢ per KWH

* Rates reflect approved rate set by N.S. Power plus subsidization.

Charge:

A. 1000 KWH per Month

Service Charge	$ 5.84
200 KWH	12.32
500 KWH	27.60
300 KWH	15.66
Total	$61.42

B. 2000 KWH per Month

Service Charge	5.84
200 KWH	12.32
500 KWH	27.60
1300 KWH	67.86
Total	$113.62

C. 3000 KWH per Month

Service charge	5.84
200 KWH	12.32
500 KWH	27.60
2300 KWH	120.06
Total	$165.82

Source: Nova Scotia Power Corporation
P.O. Box 910
Halifax, N.S.
B3J 2W5

..../12

Newfoundland

General Service Rate - applies to farm buildings

Service Charge for up to I0 KW	$11.00 per month
All KWH	5.8¢ per KWH
Fuel Adjustment	0.170¢ per KWH
Provincial Tax	11%

Charge:

A. 1000 KWH per Month

Service Charge	$11.00
Energy Charge	58.00
Fuel Adjustment	1.70
Provincial Tax	7.78
Total	$78.48

B. 2000 KWH per Month

Service Charge	$11.00
Energy Charge	116.00
Fuel Adjustment	3.40
Provincial Tax	14.34
Total	$144.74

C. 3000 KWH per Month

Service Charge	11.00
Energy Charge	174.00
Fuel Adjustment	5.10
Provincial Tax	20.91
Total	$211.01

Source: Newfoundland Light & Power Co. Ltd.
P.O. Box 8910
St. John's, Newfoundland

..../13

B. Comparison of Rates at 1,000 KWH per Month

The ten provinces have been compared on the basis of 1,000 KWH of power usage per month. This would be representative of a farm that is a small volume user of electrical power. The costs per month in the ten provinces range from a low of $34.57 per month in Quebec to a high of $110.41 per month in Prince Edward Island.

In terms of a cost per KWH of use basis, the provinces range from a low of 3.457¢ per KWH in Quebec to a high of 11.041¢ per KWH in Prince Edward Island. The group average for the ten provinces is 5.873¢ per KWH. Prince Edward Island's costs are 2.08 times the average of the other nine provinces. (Table 1)

C. Comparison of Rates at 2,000 KWH per Month

The cost of 2,000 KWH per month of power for farm use ranges from a low of $60.88 per month in Ontario to a high of $209.66 per month in Prince Edward Island. However, all provinces except Prince Edward Island, Nova Scotia and Newfoundland are below the group average of $101.78 per month. In terms of a cost per KWH charge, costs range from a low of 3.04¢ per KWH in Quebec to a high of 10.48¢ per KWH in P.E.I. Prince Edward Island's costs are 2.33 times higher than the average of the other nine provinces. (Table 2)

D. Comparison of Rates at 3,000 KWH per Month

Most commercial farm operations in Prince Edward Island use in the vicinity of 3,000 KWH of power in an average month. In the ten provinces the costs range from a low of $82.18 per month in Ontario to a high of $308.91 per month in Prince Edward Island.

In terms of a cost per KWH basis, charges range from a low of 2.74¢ per KWH in Ontario to a high of 10.30¢ per KWH in P.E.I. Prince Edward Island's costs are 2.42 times the average of the other nine provinces. (Table 3)

..../14

TABLE 1:

1000 K.W.H./MONTH

Province	Cost for 1000 /KWH per Month	Cost per KWH	Deviance from Average
	$	¢	$
British Columbia	40.89	4.089	-17.84
Alberta	62.33	6.233	+3.60
Saskatchewan	41.84	4.184	-16.89
Manitoba	64.00	6.400	+5.27
Ontario	39.58	3.958	-19.15
Quebec	34.57	3.457	-24.16
New Brunswick	53.79	5.379	-4.94
Prince Edward Island	110.41	11.041	+51.78
Nova Scotia	61.42	6.142	+2.69
Newfoundland	78.48	7.848	+19.75
Group Average	$58.73	5.873¢	

..../15

TABLE 2:

2000 K.W.H./MONTH

Province	Cost for 2000 /KWH Month $	Cost per KWH ¢	Deviance from Average $
British Columbia	71.77	3.58	-30.01
Alberta	98.73	4.94	-3.05
Saskatchewan	75.23	3.76	-26.55
Manitoba	85.76	4.24	-16.02
Ontario	60.88	3.04	-40.90
Quebec	68.29	3.41	-33.49
New Brunswick	89.09	4.45	-12.69
Prince Edward Island	209.66	10.48	+107.88
Nova Scotia	113.62	5.68	+11.84
Newfoundland	144.74	7.24	+42.96
Group Average	$101.78	5.09¢	

..../16

TABLE 3:

3000 K.W.H./Month

Province	Cost for 3000 /KWH Month	Cost per KWH	Deviance from Average
	$	¢	$
British Columbia	102.65	3.42	-42.72
Alberta	135.13	4.50	-10.24
Saskatchewan	108.62	3.62	-36.75
Manitoba	112.96	3.77	-32.41
Ontario	82.18	2.74	-63.19
Quebec	101.99	3.40	-43.40
New Brunswick	124.39	4.15	-20.98
Prince Edward Island	308.91	10.30	+163.00
Nova Scotia	165.82	5.53	+20.45
Newfoundland	211.01	7.03	+65.64
Group Average	$145.37	4.85¢	

..../17

E. Comparison of Per Unit Cost as Usage Increases

In all provinces per unit cost decreases as farm power usage increases from 1,000 KWH to 3,000 KWH per month. (Table 4) The average cost for the ten provinces is 5.87¢ per KWH at 1,000 KWH, 5.09¢ per KWH at 2,000 KWH and 4.85¢ per KWH at 3,000 KWH per month.

This represents a reduction of 17.4% for the ten provinces taken as a whole in comparing 1,000 KWH per month versus 3,000 KWH per month on a KWH basis. (Table 5) In Alberta, Manitoba, Ontario, Quebec and New Brunswick the reduction ranges from 22.9% to 41.1%. In British Columbia, Saskatchewan, Nova Scotia and Newfoundland the per unit cost reduction ranges from 10% to 16.3%. Prince Edward Island is the only province with less than a 10% reduction, it being 6.7%.

The per unit cost reductions in most provinces provide incentives for producers to replace labour with technology in their feeding, milking and drying systems.

F. Power Costs on a Yearly Basis

The comparison of provincial power costs on a yearly basis for each type of operation is a simple mathematical manipulation of monthly costs. (Table 6)

1) 1,000 KWH per Month

The yearly provincial costs range from a low of $414.84 in Quebec to a high of $1,324.92 in Prince Edward Island and this represents a spread of $910.08. Prince Edward Island costs are $620.16 per year higher than the group average of $704.76.

2) 2,000 KWH per Month

The yearly provincial costs range from a low of $730.56 per year in Ontario to a high of $2,515.92 in Prince Edward Island. This represents a spread of $1,785.36 per year. Prince Edward Island costs are $1,294.56 higher than the national average cost of $1,221.36 per year.

..../18

3) 3,000 KWH per Month

The yearly provincial costs range from $986.16 in Ontario to a high of $3,706.92 in Prince Edward Island. This represents a low to high cost spread of $2,720.76 per year. Prince Edward Island costs are $1,962.48 higher than the average cost of $1,744.44.

The actual spread between Prince Edward Island costs and the national average increases dramatically as power usage increases. The spread between Prince Edward Island costs and the lowest province at each level triples as usage increases from 1,000 KWH to 3,000 KWH per month. At 1,000 KWH per month the low to high spread is $910.08 and at 3,000 KWH per month the low to high spread is $2,720.76 per year.

..../19

TABLE 4:

COMPARISON OF COSTS: 1000, 2000, 3000 K.W.H.

MONTHLY CHARGE

PROVINCE	1000 K.W.H.		2000 K.W.H.		3000 K.W.H.	
	1 Month	per KWH	1 Month	per KWH	1 Month	per KWH
	$	¢	$	¢	$	¢
British Columbia	40.89	4.89	71.77	3.58	102.65	3.42
Alberta	62.33	6.23	98.73	4.94	135.13	4.50
Saskatchewan	41.84	4.18	75.23	3.76	108.62	3.62
Manitoba	64.00	6.40	85.76	4.24	112.96	3.77
Ontario	39.58	3.96	60.88	3.04	82.18	2.74
Quebec	34.57	3.48	68.29	3.41	101.99	3.40
New Brunswick	53.79	5.38	89.09	4.45	124.39	4.15
Prince Edward Island	110.41	11.04	209.66	10.48	308.91	10.30
Nova Scotia	61.42	6.14	113.62	5.68	165.82	5.53
Newfoundland	78.48	7.85	144.74	7.24	211.01	7.03
Group Average	$58.73	5.87¢	$101.78	5.09¢	$145.37	4.85¢

..../20

TABLE 5:

PERCENTAGE REDUCTION IN UNIT COST

PER K.W.H.: 1000 VERSUS 3000 K.W.H./MONTH

Province	Cost per KWH 1000 KWH ¢	Cost per KWH 3000 KWH ¢	Percentage Change %
British Columbia	4.09	3.42	16.3
Alberta	6.23	4.50	27.8
Saskatchewan	4.18	3.62	13.4
Manitoba	6.40	3.77	41.1
Ontario	3.96	2.74	30.1
Quebec	4.56	3.40	25.5
New Brunswick	5.38	4.15	22.9
Prince Edward Island	11.04	10.30	6.7
Nova Scotia	6.14	5.53	10.0
Newfoundland	7.85	7.03	10.6
Average	5.87¢	4.85¢	%17.4

..../21

TABLE 6:

COMPARISON OF PROVINCIAL COSTS

ON A YEARLY BASIS:

Province	1000 KWH/Month	2000 KWH/Month	3000 KWH /Month
	$	$	$
British Columbia	490.68	861.36	1,229.88
Alberta	748.08	1,184.88	1,621.68
Saskatchewan	502.08	902.76	1,303.44
Manitoba	768.00	1,029.12	1,355.52
Ontario	474.96	730.56	986.16
Quebec	414.84	819.48	1,233.88
New Brunswick	645.48	1,069.08	1,492.68
Prince Edward Island	1,324.92	2,515.92	3,706.92
Nova Scotia	737.04	1,363.44	1,989.84
Newfoundland	941.76	1,736.88	2,532.12
Average	$704.76	$1,221.36	$1,744.44

..../22

Specific Commodities

These comparisons are based on actual Prince Edward Island energy costs at the farm level for producing milk and pork. These costs are then compared to the per unit costs in other provinces using the previously completed farm energy costs. Costs are based on an average monthly usage of 3,000 KWH since this is representative of an 'average' Prince Edward Island dairy or hog operation.

A. Dairy Production

Cost comparisons are based on a forty (40) cow producing herd with milk production of 6,000 litres per cow per year. These figures are close estimates of the actual on-farm study results of P.E.I. dairy producers.

1) Per Unit Cost per 100 litres Milk

The per unit cost ranges from a low of $0.38 per 100 litres in Ontario to a nigh of $1.41 per 100 litres in Prince Edward Island. This represents a low to high price spread of $1.03 per 100 litres. (Table 7)

Prince Edward Island costs are $0.74 per 100 litres higher than the national average of $0.67 per 100 litres.

2) Farm Income Position - Dairy

Energy costs per year for a forty (40) cow producing herd would be $3,384 in Prince Edward Island compared to a low of $912 per year in Ontario. This represents a cost differential of $2,472 between comparative farms in these provinces. (Table 8) Prince Edward Island costs are $1,776 per year above the national average of $1,608 per year.

B. Hog Production

Cost comparisons are based on a commercial operation which markets 1200 finished hogs per year at an average dressed weight of 170 lbs. (77.3 kg). These assumptions are consistent with actual on-farm study results of hog producers in Prince Edward Island.

..../23

TABLE 7:

MILK PRODUCTION

BASED ON 3000 K.W.H.

Province	Cost per 100 Litres/Milk	Cost per Litre/Milk	Deviance from Average
	$/100 litre	¢/litre	¢/litre
British Columbia	0.47	.47	-.20¢
Alberta	0.62	.62	-.05¢
Saskatchewan	0.49	.49	-.18¢
Manitoba	0.52	.52	-.15¢
Ontario	0.38	.38	-.29¢
Quebec	0.47	.47	-.20¢
New Brunswick	0.57	.57	-.10¢
Prince Edward Island	1.41	1.41¢	+.74¢
Nova Scotia	0.76	.76¢	+.09¢
Newfoundland	0.96	.96¢	+.29¢
Average	$0.67	.67¢	

..../24

TABLE 8:

COMPARISON OF FARM INCOME POSITION

DAIRY PRODUCTION

Province	Cost per 100 litres	Cost per Farm	Deviance from Average
	$	$	$
British Columbia	0.47	1,128	-480
Alberta	0.62	1,488	-120
Saskatchewan	0.49	1,176	-432
Manitoba	0.52	1,248	-360
Ontario	0.38	912	-696
Quebec	0.47	1,128	-480
New Brunswick	0.57	1,368	-240
Prince Edward Island	1.41	3,384	+1,776
Nova Scotia	0.76	1,824	+216
Newfoundland	0.96	2,304	+696
Average	$0.67	$1,608	

..../25

1) Per Unit Cost per Market Hog

The per unit cost ranges from a low of $1.10 per market hog ($0.65 per hundredweight) in Ontario to a high of $4.12 per market hog ($2.42 per hundredweight) in Prince Edward Island. This represents a low to high cost spread of $3.02 per market hog ($1.62 per hundredweight). (Table 9)

Prince Edward Island costs are $2.18 per market hog ($1.28 per hundredweight) above the national average of $1.94 per market hog ($1.41 per hundredweight).

2) Farm Income Position - Hogs

Energy costs for a 1200 finished hog operation in Prince Edward Island would be $4,944 per year compared to $1,320 per year in Ontario. (Table 10). This represents a cost spread between the low and high provinces of $3,624 per year.

Prince Edward Island costs are $2,616 per year higher than the national average of $2,328 per farm per year.

..../26

TABLE 9:

HOG PRODUCTION

BASED ON 3000 K.W.H. USE

Province	Cost per Market Hog	Cost per 100 lbs./dressed	Deviance from Average
	$	$	¢/lb.
British Columbia	1.37	0.81	-3.3¢
Alberta	1.80	1.06	-0.8¢
Saskatchewan	1.45	0.85	-2.9¢
Manitoba	1.51	0.89	-.25¢
Ontario	1.10	0.65	-.49¢
Quebec	1.36	0.80	-.34¢
New Brunswick	1.66	0.98	-.16¢
Prince Edward Island	4.12	2.42	+1.28¢
Nova Scotia	2.21	1.30	+.16¢
Newfoundland	2.81	1.65	+.51¢
Average	$1.94	$1.14	

..../27

TABLE 10:

COMPARISON OF FARM INCOME POSITION/HOGS

Province	Cost per Market Hog $	Cost per Farm $	Deviance From Average $
British Columbia	1.37	1,644	-684
Alberta	1.80	2,160	-168
Saskatchewan	1.45	1,740	-588
Manitoba	1.51	1,812	-516
Ontario	1.10	1,320	-1,008
Quebec	1.36	1,632	-696
New Brunswick	1.66	1,992	-336
Prince Edward Island	4.12	4,944	+2,616
Nova Scotia	2.21	2,652	+324
Newfoundland	2.81	3,372	+1,044
Average	$1.94	$2,328	

..../28

Conclusions/Recommendations

The following theoretical analysis has provided an interesting basis on which to compare the discrepancies that exist between provincial farm electrical rates. After reviewing the analysis three conclusions come to mind. These are:

1) There is a vast difference in on-farm power costs between many of the provinces in Canada.

2) Prince Edward Island has by far the highest on-farm electrical costs in the country. On a competitive cost of production basis this is very detrimental to farmers in this province.

3) Energy costs are becoming an increasingly important cost in the production of many agricultural commodities.

It is very difficult to make recommendations which would put all national producers of an agricultural commodity on a par basis in terms of electrical costs. However, in regulated commodities such as eggs, milk, broilers and possibly in the future pork and beef, provincial electrical costs should be included as a distinct cost item. At present most of these commodities use a national 'average' or do not recognize these costs as a separate item.

In the future electrical costs will become an increasingly larger part of the cost of production of most meat and poultry products. Under national supply management schemes producers in high electrical cost provinces should not suffer losses in income due to these electrical rate differences.